

Message Text

CONFIDENTIAL

PAGE 01 CAIRO 00832 221103Z

12

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
----- 095637

R 221002Z JAN 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 9392

C O N F I D E N T I A L CAIRO 0832

EXDIS

EO 11652: GDS

TAGS: ENRG, EG

SUBJECT: MINISTER HILAL FORECASTS EGYPTIAN LONG TERM OIL POLICY

1. DURING JANUARY 20 CONVERSATION WITH VISITING FORMER TREASURY SECRETARY DAVID KENNEDY, MINISTER OF PETROLEUM HILAL GAVE' FORECAST FOR LONG TERM EGYPTIAN PETROLEUM POLICY.

HILAL, CONFIDENT THAT HE WILL MEET HIS ONE MILLION BPD PRODUCTION PREDICTION BY 1980, SAID THAT HE IS NOW CONSIDERING FREEZE ON PRODUCTION EITHER AT ONE MILLION BARRELS PER DAY (ASSURING 40 YEARS RESERVES) OR AT TWO MILLION BARRELS PER DAY (ASSURING 20 YEARS RESERVES). HILAL SAID THAT HE FAVORS FREEZE AT ONE MILLION BARRELS.

2. HILAL ALSO TOLD KENNEDY HE IS CONCERNED ABOUT MAGNITUDE OF CAPITAL INVESTMENT WHICH WILL BE NECESSARY TO EXPLOIT EGYPT'S NEWLY DISCOVERED OIL (SEE CAIRO 0025) IN REASONABLE TIME FRAME. HE CITED INDUSTRY DELAYS IN NORWAY, BRITAIN AND THE PHILIPPINES AS CAUSES FOR HIS CONCERN. AT PRESENT, HE TOLD KENNEDY, AMOCO (WHICH HAS MADE MOST OF THE RECENT DISCOVERIES) IS COMING UNDER PRESSURE FROM THE GOE TO PROVIDE NECESSARY CAPITAL FOR PRODUCTION EQUIPMENT. ALTHOUGH HE DID NOT SPECIFICALLY ACCUSE AMOCO, HILAL HOPED COMPANIES WOULD NOT TRY TO "HIDE OIL FROM EGYPT" BECAUSE THEY WILL NOT OR CANNOT UNDERTAKE INVESTMENT NEEDED TO EXPLOIT IT. (AMOCO, WHICH CURRENTLY PUMPING ABOUT 200,000 BPD IN GULF OF SUEZ ESTIMATES IT WOULD TAKE OVER 800 MILLION
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CAIRO 00832 221103Z

DOLLARS AT TODAY'S PRICES, TO DUPLICATE ITS FACILITIES AT

RAS SHUHAIR.)

3. IN SEPARTE CONVERSATION, MINISTER'S PRINCIPAL ADVISER SALIM RIZKALLAH TOLD EMBOFF THAT EGYPT WILL NOT JOIN OPEC "ON OUR OWN". THERE WOULD HAVE TO BE OVERRIDING POLITICAL REASONS FOR JOINING, ACCORDING TO RIZKALLAH, WHO OF OPINION EGYPT "HAS MUCH MORE TO GAIN ECONOMICALLY BY STAYING OUT".

4. COMMENT: HILAL'S PREFERENCE FOR PRODUCTION FREEZE AT 1 MILLION BPD UNDOUBTEDLY BASED ON HIS OWN TECHNICAL CALCULATION. WE SUSPECT HOWEVER THAT EGYPT'S FINANCIAL SITUATION WILL CREATE PRESSURE FOR MAXIMUM PRODUCTION AS QUICKLY AS POSSIBLE.
EILTS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PRODUCTION, POLICIES, CAPITAL (FINANCE), DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 JAN 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CAIRO00832
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760025-0320
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760133/aaaabche.tel
Line Count: 76
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: RowellE0
Review Comment: n/a
Review Content Flags:
Review Date: 07 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 JUN 2004 by BoyleJA>; APPROVED <05 OCT 2004 by RowellE0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MINISTER HILAL FORECASTS EGYPTIAN LONG TERM OIL POLICY
TAGS: ENRG, EG
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006